

Message Text

CONFIDENTIAL

PAGE 01 TEGUCI 01368 01 OF 02 231529Z

ACTION ARA-10

INFO OCT-01 ISO-00 PER-01 SS-15 SP-02 MMO-01 PM-04
L-03 EB-08 CU-02 INR-07 CIAE-00 DODE-00 ACDA-07
AGRE-00 AID-05 COME-00 NSC-05 OMB-01 OPIC-03 PC-01
TRSE-00 USIA-06 /082 W
-----231654Z 056996 /45

R 231425Z MAR 77

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6159

C O N F I D E N T I A L SECTION 1 OF 2 TEGUCIGALPA 1368

E.O. 11652: GDS

TAGS: AMGT, PFOR, HO

SUBJECT: PARM -ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: CERP 0001

1. PART I - POLICY ASSESSMENTS

A. U.S. INTERESTS

I BELIEVE THAT THE U.S. IS PRIMARILY CONCERNED THAT HONDURAS NOT
CREATE A THREAT TO CENTRAL AMERICAN STABILITY. THE MOST PROBABLE
THREAT TO SUCH STABILITY RESULTS FROM THE TENSION AND POTENTIAL
MILITARY OUTBREAKS BETWEEN EL SALVADOR AND HONDURAS EVOLVING FROM
THE 1969 WAR AND SUBSEQUENT EVENTS. AS A RESULT, ONE OF THE
INTERESTS OF THE U.S. IS TO HELP PROMOTE, THROUGH GOOD OFFICES
AND ENCOURAGEMENT, THE RESOLUTION OF THIS PROBLEM. WE ARE ALSO
INTERESTED IN HONDURAS CONTINUING TO PLAY A HELPFUL ROLE IN SUP-
PORTING U.S. POSITIONS IN INTERNATIONAL ORGANIZATIONS AND IN BEING A
GENERALLY MODERATING FORCE IN SUCH ORGANIZATIONS. IN REGARD TO
STABILITY, THE LONG-RANGE SOCIAL AND ECONOMIC DEVELOPMENT OF THE
COUNTRY WOULD HELP TO MAINTAIN A RELATIVELY STABLE INTERNAL
SITUATION, WHILE CONTINUING TO EXPRESS OUR GENUINE
HUMANITARIAN INTEREST IN BENEFITING THE POOREST SEGMENTS OF
HONDURAN SOCIETY. AN ADDITIONAL INTEREST IS OUR EFFORT TO
PROMOTE U.S. TRADE TO THE AREA AND THUS MAINTAIN OR INCREASE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEGUCI 01368 01 OF 02 231529Z

THE U.S. SHARE OF THE HONDURAN MARKET. FINALLY, THERE IS AN
INTEREST IN PROTECTING U.S. INVESTMENT IN HONDURAS AND IN
SEEING THAT GOVERNMENT ACTIONS DO NOT DISCRIMINATE AGAINST OR
PENALIZE SUCH ACTIVITIES.

B. OVERVIEW

I BELIEVE BILATERAL RELATIONS BETWEEN THE U.S. AND
HONDURAS ARE EXCELLENT; AND DIFFICULTIES WHICH DO DEVELOP ARE

RESOLVED WITHIN A REASONABLE AND AGREEABLE FRAMEWORK. THE OBJECTIVE OF THE MISSION IS TO MAINTAIN AND STRENGTHEN THE PRESENT POSITIVE SITUATION. THIS IS MADE EASIER BY THE FACT THAT HONDURAS IS NOW PASSING THROUGH ONE OF ITS MOST TRANQUIL PERIODS IN RECENT YEARS. THE U.S. SHOULD DO ALL IN ITS POWER TO MAINTAIN THE PRESENT EXCELLENT RELATIONSHIP BY CONTINUING TO SUPPLY AID AND SUPPORT. FOR THAT REASON, I BELIEVE HONDURAS SHOULD BE EVALUATED SEPARATELY RATHER THAN MERELY AS A PART OF CENTRAL AMERICA.

THE CHANCES FOR CONTINUED STABILITY IN CENTRAL AMERICA ARE DIRECTLY RELATED TO A RESOLUTION OF THE HONDURAS/EL SALVADOR DISPUTE. THE POSSIBILITY OF INCIDENTS ALONG THE DISPUTED PORTIONS OF THE FRONTIER IS A CAUSE FOR CONCERN. I BELIEVE OUR ROLE SHOULD BE ONE OF ENCOURAGING RESOLUTION OF THE DISPUTE WITHOUT PARTICIPATING DIRECTLY IN THE NEGOTIATIONS. HONDURAS HAS RATIFIED THE MEDIATION AGREEMENT, AND EL SALVADOR MAY DO SO IN THE NEAR FUTURE. I BELIEVE THAT THE HONDURAN GOVERNMENT IS SINCERE IN ITS DESIRE TO REACH A NEGOTIATED RESOLUTION OF THE DISPUTE WITH EL SALVADOR. FURTHERMORE, I BELIEVE THAT THERE IS A GOOD CHANCE THAT THE MEDIATION PROCESS WILL BE A SUCCESS AND THAT A GENERAL PEACE TREATY WILL BE SIGNED BY FY 1979. IN THE EVENT THAT NO SOLUTION IS REACHED, THE U.S. SHOULD BE PREPARED TO OFFER IMMEDIATE HELP TO RESOLVE THE SITUATION.

WITH REGARD TO ARMS, WE HAVE DONE OUR BEST TO CONVINCE THE HONDURAN AUTHORITIES THAT ARMS RESTRAINT IS IMPORTANT FOR POLITICAL REASONS. IT HAS BEEN POINTED OUT TO THE GOVERNMENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEGUCI 01368 01 OF 02 231529Z

THAT THE FUNDS USED IN BUYING ARMS COULD BE UTILIZED TO FURTHER SOCIO-ECONOMIC DEVELOPMENT. HOWEVER, THE FUNDAMENTAL OBSTACLE TO SUCH RESTRAINT, FROM THE HONDURAN VIEWPOINT, IS THE CONTINUING DISPUTE WITH EL SALVADOR. I BELIEVE THAT ARMS RESTRAINT DEPENDS IN LARGE PART UPON THE RESOLUTION OF THE HONDURAS/EL SALVADOR DISPUTE BECAUSE IT IS HIGHLY IMPROBABLE THAT HONDURAS WOULD AGREE TO SUCH RESTRAINT IN THE ABSENCE OF A SETTLEMENT WITH EL SALVADOR.

RELATED TO THE RESOLUTION OF THE HONDURAS/EL SALVADOR DISPUTE IS THE RESTRUCTURING OF A CENTRAL AMERICAN COMMON MARKET. HONDURAS HAS RECENTLY INITIATED NEGOTIATIONS DIRECTED AT CREATING A NEW COMMON MARKET MECHANISM THROUGH MULTILATERAL NEGOTIATIONS AMONG THE PROSPECTIVE CENTRAL AMERICAN MEMBER STATES. THE HONDURAN GOVERNMENT IS READY TO JOIN IF THE ORGANIZATION, WHEN FINALLY STRUCTURED, OFFERS HONDURAS PRACTICAL AND REALIZABLE TRADE AND FINANCIAL BENEFITS.

HONDURAS HAS GENERALLY SUPPORTED U.S. POSITIONS IN MULTILATERAL ORGANIZATIONS. THIS SUPPORT HAS BEEN A RESULT OF EXCELLENT

BILATERAL RELATIONS AND A SPIRIT OF COOPERATION ON THE PART OF HONDURAS. I BELIEVE THAT THE PRESENT COOPERATIVE RELATIONSHIP ON MULTILATERAL ISSUES CAN BE MAINTAINED BY A CLOSE AND CONTINUING DIALOGUE WITH GOVERNMENT OFFICIALS. THERE IS A CLOSE RAPPORT BETWEEN GOVERNMENT OFFICIALS AND THE MISSION STAFF, AND SUCH A RELATIONSHIP PROMOTES THE FURTHERANCE OF U.S. INTERESTS.

AN IMPORTANT FACTOR IN THE GOOD RELTIONS BETWEEN HONDURAS AND THE U.S. IS OUR CONTINUED SUPPORT OF HONDURAN ECONOMIC AND SOCIAL DEVELOPMENT EFFORTS. HONDURAS IS CREATING A SYSTEM OF NATIONAL SERVICES TO INCREASE RURAL INCOME AND PRODUCTION AND TO PROVIDE MORE ADEQUATE HELATH SERVICES AND EDUCATIONAL OPPORTUNITIES IN THE COUNTRYSIDE. THESE PROGRAMS, OVER TIME, PROMISE TO TRANSFORM HONDURAS' RURAL POPULATION FROM ONE CHARACTERIZED BY DISEASE AND INGNORANCE TO ONE HAVING A CHANCE TO LEAD FULL PRODUCTIVE LIVES. U.S. DEVELOPMENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TEGUCI 01368 01 OF 02 231529Z

ASSISTANCE CAN HAVE A DIRECT IMPACT ON HOW SUCCESSFUL THE GOVERNMENT WILL BE IN WORKING TOWARD THESE GOALS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TEGUCI 01368 02 OF 02 231555Z
ACTION ARA-10

INFO OCT-01 ISO-00 PER-01 SS-15 SP-02 MMO-01 PM-04
L-03 EB-08 CU-02 INR-07 CIAE-00 DODE-00 ACDA-07
AGRE-00 AID-05 COME-00 NSC-05 OMB-01 OPIC-03 PC-01
TRSE-00 USIA-06 /082 W
-----231655Z 057493 /45

R 231425Z MAR 77
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 6160

C O N F I D E N T I A L SECTION 2 OF 2 TEGUCIGALPA 1368

THE GOVERNMENT IS SEEKING TO PROMOTE THE DEVELOPMENT OF VARIOUS PARTS OF THE COUNTRY. THIS IS TRUE OF THE OLANCHO AREA WHERE THE GOVERNMENT IS DEVELOPING A LARGE PULP AND PAPER PROJECT DESIGNED TO UTILIZE THE COUNTRY'S FORESTS.

COHDEFOR, THE HONDURAN CORPORATION FOR FORESTRY DEVELOPMENT, HAS BEEN SUCCESSFUL IN ATTRACTING THE SUPPORT OF VARIOUS INTERNATIONAL LENDING AGENCIES FOR THE PROJECT BECAUSE OF ITS HIGHLY SUCCESSFUL MANAGEMENT OF THE COUNTRY'S FOREST ASSETS. THE GOVERNMENT IS ALSO CONCENTRATING ON THE NORTH COAST; FOR EXAMPLE, PUERTO CORTES IS BEING EXPANDED INTO A MAJOR CONTAINER PORT TO SERVE AS THE MAJOR PORT FOR HONDURAS AND ONE OF THE MOST IMPORTANT PORTS OF CENTRAL AMERICA. PUERTO CORTES IS ALSO THE SITE OF A NEW FREE ZONE WHICH THE GOVERNMENT HOPES WILL ATTRACT SIGNIFICANT FOREIGN INVESTMENT. VARIOUS GOVERNMENT AGENCIES ARE INVOLVED IN EFFORTS TO DEVELOP THE AGUAN VALLEY, A RICH AGRICULTURAL AREA. THE BAY ISLANDS, LOCATED CLOSE TO THE NORTH COAST, HAVE AN ACTIVE FISHING AND TOURIST INDUSTRY. THE GOVERNMENT IS ATTEMPTING TO TIE THE BAY ISLANDS TO THE MAINLAND THROUGH THE IMPLEMENTATION OF SEVERAL PROGRAMS.

I HAVE BEEN IMPRESSED BY THE ACTIVITIES OF VARIOUS GOVERNMENT AGENCIES. THE NATIONAL PORT AUTHORITY (ENP) HAS EMBARKED ON AN AMBITIOUS PROGRAM TO MODERNIZE THE COUNTRY'S PORT SYSTEM;
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEGUCI 01368 02 OF 02 231555Z

SPECIFICALLY, THE AGENCY INTENDS TO IMPROVE PUERTO CASTILLA AND TELA ON THE NORTH COAST AND AMAPALA AND SAN LORENZO ON THE SOUTH COAST. COHBANA, THE HONDURAN BANANA CORPORATION, HAS ALSO SHOWN PROMISE OF BECOMING A SUCCESSFUL AGENCY TO MANAGE THE GOVERNMENT'S INTEREST IN THE COUNTRY'S MOST IMPORTANT PRODUCT. CONADI, THE NATIONAL INVESTMENT CORPORATION, HAS BEEN ACTIVE IN HELPING TO FINANCE VARIOUS PROJECTS, SUCH AS THE PROMISING TOURIST DEVELOPMENT ON THE NORTH COAST.

IN EFFORTS TO STIMULATE DEVELOPMENT AND TO EXERCISE MORE CONTROL OVER ECONOMIC ACTIVITY, THE GOVERNMENT HAS SINCE 1972 ADOPTED SOME LAWS AND INSTITUTIONS WHICH, IN THE SHORT RUN, HAVE ADVERSELY AFFECTED PRIVATE INVESTMENT, BOTH U.S. AND DOMESTIC. AGENCIES CREATED TO CONTROL THE LUMBER INDUSTRY, UNDERTAKE BANANA AND PALM OIL PRODUCTION AND COMMODITY MARKETING, PROMOTE AND PARTICIPATE IN MANUFACTURING PROJECTS AND EXECUTE VIGOROUS AGRARIAN REFORM HAVE INCREASED UNCERTAINTY IN THE PRIVATE SECTOR AND CONSEQUENTLY ARE RESTRAINING PRIVATE INVESTMENT. ACCOMPANYING THESE MEASURES HAVE BEEN MOVES TO ASSERT GREATER CONTROL OVER CERTAIN FOREIGN INVESTMENTS. THE LATTER ACTION RAISES THE POTENTIAL FOR INVESTMENT PROBLEMS.

THE IMPROVED ECONOMIC SITUATION RESULTING FROM MORE NORMAL WEATHER CONDITIONS AND FROM HIGHER EXPORT PRICES HAS HEIGHTENED PROSPECTS FOR ECONOMIC DEVELOPMENT AND STABILITY. COFFEE EARNINGS, UP 250 PERCENT SINCE 1974 TO AN ESTIMATED

\$110 MILLION IN 1976, AND ANTICIPATED FULL RECOVERY OF BANANA PRODUCTION SHOULD DURING 1977 HELP HONDURAS TO MAINTAIN ITS DEVELOPMENT INITIATIVES. WHILE OTHER FACTORS WEIGH MORE HEAVILY ON PROSPECTS FOR NEGOTIATING A NEW CENTRAL AMERICAN COMMON MARKET AGREEMENT, THESE SIGNS OF ECONOMIC IMPROVEMENT COULD ENHANCE THE CLIMATE FOR SUCH NEGOTIATIONS.

CLEARLY, OUR RELATIONS WITH THE MILITARY ESTABLISHMENT WILL
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEGUCI 01368 02 OF 02 231555Z

CONTINUE TO BE IMPORTANT BECAUSE OF THE CENTRAL ROLE THE MILITARY PLAYS IN DIRECTING THE GOVERNMENT AND ITS POLICIES. OUR BILATERAL MILITARY ASSISTANCE PROGRAM IS AIMED AT REINFORCING THE U.S. POSITION AS THE MOST IMPORTANT FOREIGN INFLUENCE ON THE HONDURAN MILITARY. GIVEN THE ROLE OF THE MILITARY, THIS INFLUENCE TENDS TO BE REFLECTED IN A POSITIVE STANCE OF THE GOVERNMENT IN RELATION TO U.S. INTERESTS. I AM CONVINCED THAT A REDUCTION OR ABOLISHMENT OF THE MILGP WOULD REDUCE OUR ABILITY TO INFLUENCE THE HONDURAN MILITARY ESTABLISHMENT.

THE GOVERNMENT HAS REPEATEDLY STATED THAT ELECTIONS WILL BE HELD IN 1979. COLONEL CESAR ELVIR SIERRA, PRESIDENT OF THE NATIONAL ADVISORY COUNCIL, IS PRESENTLY PRESIDING OVER THE COUNCIL SESSIONS WHICH ARE DEVOTED TO THE ELABORATION OF AN ELECTORAL LAW. I BELIEVE THAT THE GOVERNMENT IS SINCERE IN ITS STATED DESIRE TO HOLD ELECTIONS IN 1979; FURTHERMORE, I BELIEVE THAT THE ELECTIONS COULD BE HELD IN 1978 IF THE PROPER CLIMATE EXISTS. THE RETURN OF CONSTITUTIONAL GOVERNMENT WILL FURTHER GUARANTEE THE OBSERVANCE OF HUMAN RIGHTS IN HONDURAS.

IN GENERAL, HUMAN RIGHTS ARE OBSERVED IN HONDURAS; FOR EXAMPLE, THERE IS FREEDOM OF PRESS, EXPRESSION AND RELIGION. FURTHERMORE, THERE ARE NO POLITICAL PRISONERS, NO EXILES AND NO TORTURE. THE PRESENT RUMOR REGARDING HUMAN RIGHTS IN OTHER CENTRAL AMERICAN COUNTRIES WILL NOT CAUSE HONDURAS TO REJECT U.S. AID OR SIDE PUBLICLY WITH OTHER COUNTRIES IN THE AREA. I BELIEVE THAT THIS WILL CONTINUE TO BE TRUE DURING THE TERM TIME FRAME. FURTHERMORE, IT IS MY VIEW THAT OUR PRESENT MILITARY AND ECONOMIC AID PROGRAMS SUPPORT THE CONTINUANCE OF THIS POLICY OF THE HONDURAN GOVERNMENT.

C. OBJECTIVES, COURSES OF ACTION AND ISSUES
I BELIEVE, IN TERMS OF THE FUNDAMENTAL U.S. INTEREST THAT HONDURAS NOT BECOME A THREAT TO CENTRAL AMERICAN STABILITY, THAT CURRENT POLICIES SHOULD CONTINUE TO BE VALID FOR THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TEGUCI 01368 02 OF 02 231555Z

PARM TIME FRAME. SPECIFICALLY, THE MISSION AS A WHOLE SHOULD CONTINUE TO USE ITS GOOD OFFICES AND ENCOURAGEMENT TO BRING ABOUT A SETTLEMENT OF THE HONDURAS/EL SALVADOR DISPUTE. THE EMBASSY, DAO AND MILGP COMPONENTS OF THE MISSION ARE MOST EFFECTIVE IN THIS REGARD. IN TERMS OF INTERNAL HONDURAN STABILITY, THE PROMOTION OF LONG-TERM SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMS UNDERTAIN BY A.I.D. AND PEACE CORPS SHOULD CONTINUE TO BE APPROPRIATE DURING FY 1979. THE MAINTENANCE OF EXCELLENT RELATIONS WITH THE GOVERNMENT, AIDED BY THE A.I.D., MILGP AND PEACE CORS ASSISTANCE PROGRAMS, WILL CONTINUE TO ASSUE AN ACCEPTABLE LEVEL OF HONDURAN SUPPORT FOR U.S. POSITIONS IN INTERNATIONAL ORGANIZATIONS. THE MISSION'S ONGOING COMMERCIAL PROGRAM, SUPPORTED BY USIS, ASSURES THE U.S. OF A REASONABLE SHARE OF THE HONDURAN MARKET FOR U.S. GOODS AND SERVICES. OTHER MISSION ACTIVITIES AND PROGRAMS SHOULD PROMOTE REASONABLE PROTECTION FOR U.S. INVESTMENT IN HONDURAS. I HAVE NO ISSUES TO PRESENT FOR WASHINGTON CONSIDERATION.
BECKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ANNUAL REPORTS, INTELLIGENCE ASSESSMENTS, CERP 0001
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEGUCI01368
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770099-0953
Format: TEL
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770329/aaaaayvp.tel
Line Count: 299
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 705520b3-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3015540
Secure: OPEN
Status: NATIVE
Subject: PARM -ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I
TAGS: AMGT, PFOR, HO, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/705520b3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009